

SENATE BILL REPORT

SB 5031

As Reported By Senate Committee On:
Consumer Protection & Housing, February 22, 2007

Title: An act relating to the protection of tenants of conversion condominiums.

Brief Description: Protecting tenants of conversion condominiums.

Sponsors: Senators Jacobsen, Murray and Kline.

Brief History:

Committee Activity: Consumer Protection & Housing: 1/25/07, 2/22/07 [DPS].

SENATE COMMITTEE ON CONSUMER PROTECTION & HOUSING

Majority Report: That Substitute Senate Bill No. 5031 be substituted therefor, and the substitute bill do pass.

Signed by Senators Weinstein, Chair; Kauffman, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Haugen, Jacobsen, Kilmer, McCaslin and Tom.

Staff: Jacob White (786-7448)

Background: When apartments are converted into condominiums challenges may arise for the tenants of those apartments. The amount of money given for relocation assistance, capped at \$500 by state law, is often not adequate to the cost of living in certain areas of the state. Tenants argue they do not have enough notice to find another apartment as construction begins before the tenants move out and apartment tenants are often unaware of their rights in regards to relocation assistance.

Summary of Bill: This bill eliminates the statutory cap of \$500 on relocation assistance, allowing local governments to establish a relocation assistance program using their own discretion, including setting their own dollar amounts for relocation assistance.

The notice provision is increased from 90 to 120 days.

Property owners are required to disclose the availability of relocation assistance and to disclose the terms and conditions under which it will be paid to a tenant as part of the Condominium Conversion Notice.

A developer cannot begin any construction to convert the building during the 120-day notice period provided in this section or until the last tenant has moved out. This does not prevent a developer from doing normal maintenance for the up-keep of the building for the existing tenants; the intent is to prevent only conversion-related construction during the notice period.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Consumer Protection & Housing): An apartment owner may provide all tenants with an option to terminate their lease and the tenants must still have access to relocation assistance.

The substitute bill places a limit on the amount that a city or county may require a declarant to pay for relocation assistance to three times the tenant's rent.

Construction limitations are altered to require that there can be no interior construction during the 120 day notice period, unless all tenants have vacated, purchased a unit as a condo, or have met certain criteria. This certain criteria authorizes an apartment owner to begin construction so long as it does not interfere with the renters rights of quiet enjoyment, and: (1) it is to repair or remodel vacant units to be used as model units; (2) it is to repair or remodel a vacant unit or common area for use as a sales office; or (3) if the apartment owner has offered existing tenants an option to terminate an existing lease without consequence and at least 120 days have passed since tenants were notified of such an option.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: There have been lots of complaints about construction for the conversion of apartments into condominiums. The Seattle Displacement Coalition is deluged with calls from tenants living in apartments with condo construction occurring. The noise from this construction makes residing in these apartments difficult. While there are time restrictions for when construction can occur, many of these apartments house the elderly who are at home when the construction is occurring. Affordable housing is a crisis in Seattle. The net loss of the number of apartments in Seattle in recent years is around 4,000. Thus, thousands of people have been displaced. Many of these residents are low-income and the difficulty in paying for the initial costs of renting an apartment often leads to homelessness. The city needs more power in limiting the number of condo conversions occurring.

CON: There needs to be a cap or formula limiting the amount of money for relocation assistance, such as equal to two or three months of the average rent in the area. Builders must be allowed to begin conversion prior to the last tenant moving out. This will drive up the price of condos, thus making this more affordable home ownership option less available in Seattle. There is agreement that not all forms of construction should be allowed, perhaps limiting the work to "reasonable construction," and construction that is limited to the exterior of the building. The bill does not go far enough in protecting apartment renters. Caps on condo conversion would create an artificial price increase for condos, similar to San Francisco.

Persons Testifying: PRO: Tom Rasmussen, Seattle City Council; John V. Fox, Seattle Displacement Coalition; Randy Hansen, Seattle Displacement Coalition; Bette Reed, Citizen; and Greg Provenzen, Columbia Legal Services.

CON: Joe McCarthy, Kantor, Taylor, McCarthy; Bob Mitchell, Washington Realtors; Ben Rankin, Pioneer Property Group; and Dave Kirzinger, Mosaic Homes.